

**CHENG SHIN RUBBER IND. CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
MARCH 31, 2021 AND 2020**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

PWCR21000376

To the Board of Directors and Shareholders of Cheng Shin Rubber Ind. Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Cheng Shin Rubber Ind. Co., Ltd. and subsidiaries as at March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3) and 6(6), the financial statements of certain insignificant consolidated subsidiaries and investments accounted for using equity method were not reviewed by independent auditors. Those statements reflect total assets of NT\$38,704,040 thousand and NT\$26,637,127 thousand, constituting 26% and 17% of the consolidated total assets, and total liabilities of NT\$25,502,871 thousand and NT\$21,067,295 thousand, constituting 39% and 26% of the consolidated total liabilities as at March 31, 2021 and 2020, and total net operating revenues of NT\$7,099,107 thousand and NT\$3,699,945 thousand, constituting 26% and 19% of consolidated total net operating revenue, and

total comprehensive loss of NT\$325,749 thousand and NT\$2,009,736 thousand, constituting (26%) and 66% of the consolidated total comprehensive (loss) income for the three-month periods then ended, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission.

Wu, Yu-Lung

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan

May 12, 2021

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors’ report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Assets		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 17,648,082	12	\$ 19,112,521	13	\$ 24,716,977	16
1110	Financial assets at fair value	6(2)						
	through profit or loss - current		6,967	-	820	-	3,585	-
1120	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - current		27,707	-	29,817	-	17,698	-
1150	Notes receivable, net	6(4)	3,572,009	2	4,544,057	3	2,629,345	2
1170	Accounts receivable, net	6(4)	10,072,399	7	9,472,839	6	8,305,919	5
1180	Accounts receivable - related	7						
	parties		33,722	-	43,474	-	31,540	-
130X	Inventories	6(5)	18,574,981	13	17,563,439	12	16,661,009	10
1410	Prepayments		1,164,444	1	1,142,851	1	1,362,651	1
1470	Other current assets		1,096,938	1	993,074	1	1,318,622	1
11XX	Current Assets		52,197,249	36	52,902,892	36	55,047,346	35
Non-current assets								
1517	Financial assets at fair value	6(3)						
	through other comprehensive							
	income - non-current		58,187	-	58,187	-	58,187	-
1550	Investments accounted for	6(6)						
	using the equity method		178,421	-	172,981	-	164,051	-
1600	Property, plant and equipment,	6(7)						
	net		86,934,991	59	89,547,273	59	91,662,431	59
1755	Right-of-use assets	6(8)	5,163,863	3	5,278,546	3	5,211,806	3
1760	Investment property, net	6(9)	523,460	-	531,097	-	541,419	-
1840	Deferred income tax assets	6(27)	1,959,457	1	1,921,209	1	2,275,879	2
1900	Other non-current assets	6(10)	1,001,591	1	912,968	1	842,717	1
15XX	Non-current assets		95,819,970	64	98,422,261	64	100,756,490	65
1XXX	Total assets		\$ 148,017,219	100	\$ 151,325,153	100	\$ 155,803,836	100

(Continued)

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2021, DECEMBER 31, 2020 AND MARCH 31, 2020
(Expressed in thousands of New Taiwan dollars)
(The balance sheets as of March 31, 2021 and 2020 are reviewed, not audited)

Liabilities and Equity		Notes	March 31, 2021		December 31, 2020		March 31, 2020	
			AMOUNT	%	AMOUNT	%	AMOUNT	%
Current liabilities								
2100	Short-term borrowings	6(11)	\$ 6,482,987	4	\$ 7,222,391	5	\$ 17,340,115	11
2130	Current contract liabilities	6(21)	825,940	1	1,149,282	1	754,893	1
2150	Notes payable		165,487	-	157,811	-	1,057,815	1
2170	Accounts payable		8,463,401	6	8,442,030	5	5,157,255	3
2200	Other payables	6(12)	4,946,834	3	5,557,536	4	4,657,903	3
2230	Current income tax liabilities	6(27)	1,272,770	1	1,345,258	1	542,336	-
2280	Current lease liabilities		178,430	-	179,624	-	143,884	-
2300	Other current liabilities	6(13)(14)(15)	9,732,956	7	10,341,077	7	9,865,575	6
21XX	Current Liabilities		32,068,805	22	34,395,009	23	39,519,776	25
Non-current liabilities								
2530	Corporate bonds payable	6(14)	8,500,000	6	8,500,000	6	14,500,000	10
2540	Long-term borrowings	6(15) and 7	20,715,732	14	22,940,974	15	22,133,065	14
2550	Provisions for liabilities - non-current		148,835	-	144,918	-	143,333	-
2570	Deferred income tax liabilities	6(27)	1,175,204	1	1,076,640	1	1,332,948	1
2580	Non-current lease liabilities		483,549	-	534,727	-	536,792	-
2600	Other non-current liabilities	6(16)	2,687,711	2	2,757,604	2	2,712,651	2
25XX	Non-current liabilities		33,711,031	23	35,954,863	24	41,358,789	27
2XXX	Total Liabilities		65,779,836	45	70,349,872	47	80,878,565	52
Equity								
Equity attributable to owners of parent								
	Share capital	6(17)						
3110	Share capital - common stock		32,414,155	22	32,414,155	21	32,414,155	21
	Capital surplus	6(18)						
3200	Capital surplus		53,267	-	53,267	-	52,576	-
	Retained earnings	6(19)						
3310	Legal reserve		15,533,661	10	15,533,661	10	15,186,978	10
3320	Special reserve		6,904,245	5	6,904,245	5	5,200,298	3
3350	Unappropriated retained earnings		33,956,738	23	32,143,063	21	29,457,245	19
	Other equity interest							
3400	Other equity interest	6(20)	(7,165,067)	(5)	(6,611,296)	(4)	(7,958,996)	(5)
31XX	Equity attributable to owners of the parent		81,696,999	55	80,437,095	53	74,352,256	48
36XX	Non-controlling interest		540,384	-	538,186	-	573,015	-
3XXX	Total equity		82,237,383	55	80,975,281	53	74,925,271	48
	Significant contingent liabilities and unrecognised contract commitments	9						
	Significant events after the balance sheet date							
3X2X	Total liabilities and equity		\$ 148,017,219	100	\$ 151,325,153	100	\$ 155,803,836	100

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)
(UNAUDITED)

			Three-month periods ended March 31			
			2021		2020	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(21) and 7	\$	27,566,210	100	\$ 19,550,044	100
5000 Operating costs	6(5)	(	20,592,211)	(75)	(16,011,064)	(82)
5900 Net operating margin			6,973,999	25	3,538,980	18
Operating expenses	7					
6100 Selling expenses		(	1,837,403)	(7)	(1,557,687)	(8)
6200 General and administrative expenses		(	964,507)	(3)	(822,480)	(4)
6300 Research and development expenses		(	1,136,819)	(4)	(1,058,947)	(5)
6000 Total operating expenses		(	3,938,729)	(14)	(3,439,114)	(17)
6900 Operating profit			3,035,270	11	99,866	1
Non-operating income and expenses						
7100 Interest income	6(22)		19,427	-	57,295	-
7010 Other income	6(23)		158,774	1	182,278	1
7020 Other gains and losses	6(24)	(	487,020)	(2)	(1,794,229)	(9)
7050 Finance costs	6(25)	(	144,375)	(1)	(350,899)	(2)
7060 Share of profit of associates and joint ventures accounted for using the equity method	6(6)		5,440	-	6,562	-
7000 Total non-operating income and expenses		(	447,754)	(2)	(1,898,993)	(10)
7900 Profit (loss) before income tax			2,587,516	9	(1,799,127)	(9)
7950 Income tax expense	6(27)	(767,451)	(3)	(184,663)	(1)
8200 Profit (loss) for the period		\$	1,820,065	6	(\$ 1,983,790)	(10)

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share)
(UNAUDITED)

Items	Notes	Three-month periods ended March 31			
		2021		2020	
		AMOUNT	%	AMOUNT	%
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
8316 Unrealized loss on valuation of entity instruments at fair value through profit or loss	6(3)(20)	(\$ 2,110)	-	(\$ 8,237)	-
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(2,110)	-	(8,237)	-
Components of other comprehensive income that will be reclassified to profit or loss					
8361 Financial statements translation differences of foreign operations	6(20)	(693,768)	(3)	(1,315,018)	(7)
8399 Income tax relating to the components of other comprehensive income that will be reclassified to profit or loss	6(20)(27)	137,915	1	261,629	1
8360 Components of other comprehensive income that will be reclassified to profit or loss		(555,853)	(2)	(1,053,389)	(6)
8300 Other comprehensive loss for the period		(\$ 557,963)	(2)	(\$ 1,061,626)	(6)
8500 Total comprehensive income (loss) for the period		\$ 1,262,102	4	(\$ 3,045,416)	(16)
Profit (loss), attributable to:					
8610 Owners of the parent		\$ 1,813,675	6	(\$ 1,988,676)	(10)
8620 Non-controlling interest		6,390	-	4,886	-
		\$ 1,820,065	6	(\$ 1,983,790)	(10)
Comprehensive income (loss) attributable to:					
8710 Owners of the parent		\$ 1,259,904	4	(\$ 3,043,427)	(16)
8720 Non-controlling interest		2,198	-	(1,989)	-
		\$ 1,262,102	4	(\$ 3,045,416)	(16)
Earnings (loss) per share (in dollars)	6(28)				
9750 Basic earnings (loss) per share		\$ 0.56		(\$ 0.61)	
9850 Diluted earnings (loss) per share	6(28)	\$ 0.56		(\$ 0.61)	

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

Equity attributable to owners of the parent												
Capital surplus					Retained earnings			Other equity interest				
								Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Share capital - common stock	Treasury stock transactions	Gain on sale of assets	Capital surplus-donated assets received	Legal reserve	Special reserve	Unappropriated retained earnings			Total		
Three-month period ended March 31, 2020												
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$ 15,186,978	\$ 5,200,298	\$ 31,445,921	(\$ 6,921,515)	\$ 17,270	\$ 77,395,683	\$ 575,004	\$ 77,970,687
	-	-	-	-	-	-	(1,988,676)	-	-	(1,988,676)	4,886	(1,983,790)
6(20)	-	-	-	-	-	-	-	(1,046,514)	(8,237)	(1,054,751)	(6,875)	(1,061,626)
	-	-	-	-	-	-	(1,988,676)	(1,046,514)	(8,237)	(3,043,427)	(1,989)	(3,045,416)
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ -	\$ 15,186,978	\$ 5,200,298	\$ 29,457,245	(\$ 7,968,029)	\$ 9,033	\$ 74,352,256	\$ 573,015	\$ 74,925,271
Three-month period ended March 31, 2021												
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 32,143,063	(\$ 6,632,448)	\$ 21,152	\$ 80,437,095	\$ 538,186	\$ 80,975,281
	-	-	-	-	-	-	1,813,675	-	-	1,813,675	6,390	1,820,065
6(20)	-	-	-	-	-	-	-	(551,661)	(2,110)	(553,771)	(4,192)	(557,963)
	-	-	-	-	-	-	1,813,675	(551,661)	(2,110)	1,259,904	2,198	1,262,102
	\$ 32,414,155	\$ 9,772	\$ 42,804	\$ 691	\$ 15,533,661	\$ 6,904,245	\$ 33,956,738	(\$ 7,184,109)	\$ 19,042	\$ 81,696,999	\$ 540,384	\$ 82,237,383

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31	
		2021	2020
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax		\$ 2,587,516	(\$ 1,799,127)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(26)	2,799,655	2,960,576
Depreciation expense on right-of-use assets	6(8)(26)	71,459	66,702
Depreciation on investment property	6(9)(26)	5,857	5,786
Amortisation expense	6(10)(26)	21,299	25,549
Expected credit loss	12(2)	1,835	33,786
Share of profit of associates and joint ventures accounted for using equity method	6(6)	(5,440)	(6,562)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(24)	20,696	(3,585)
Loss on disposal of property, plant and equipment	6(7)(24)	6,778	14,189
Reversal of impairment loss on non-financial assets	6(7)	-	(1,778)
Interest expense	6(7)(25)	144,375	350,899
Interest income	6(22)	(19,427)	(57,295)
Deferred government grants revenue		(40,029)	(35,969)
Unrealized foreign exchange loss on long-term foreign currency loans		441,129	1,767,683
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		972,048	1,132,108
Accounts receivable	(	600,880)	599,927
Accounts receivable - related parties		9,752	22,513
Inventories	(	1,011,542)	1,288,861
Prepayments	(	22,233)	(150,401)
Other current assets	(	110,515)	170,122
Other non-current assets	(	67,040)	74,992
Changes in operating liabilities			
Contract liabilities - current	(	323,342)	(180,726)
Notes payable		7,676	(64,461)
Accounts payable		21,371	(2,636,075)
Other payables	(	597,102)	(816,519)
Other current liabilities	(	9,067)	(43,830)
Accrued pension liabilities	(	12,699)	(110,480)
Other non-current assets	(	730)	4,780
Cash inflow generated from operations		4,291,400	2,611,665
Interest received		26,078	52,340
Interest paid	(	113,807)	(331,337)
Income tax paid	(658,476)	(435,098)
Net cash flows from operating activities		3,545,195	1,897,570

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CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three-month periods ended March 31	
		2021	2020
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Net changes in financial assets and liabilities at fair value			
through profit or loss		(\$ 26,843)	\$ -
Acquisition of property, plant and equipment	6(7)(29)	(1,028,557)	(1,493,401)
Payment for capitalized interests	6(7)(25)	(6,526)	(4,603)
Proceeds from disposal of property, plant and equipment		15,501	34,390
Acquisition of intangible assets	6(10)	(19,063)	(1,894)
Decrease in refundable deposits		6,751	5,871
Increase in other non-current liabilities		-	42,234
Net cash flows used in investing activities		(1,058,737)	(1,417,403)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term loans	6(11)(30)	3,364,915	6,436,270
Decrease in short-term loans	6(11)(30)	(3,992,284)	(5,583,217)
Proceeds from long-term loans	6(15)(30)	277,788	992,880
Repayments of long-term loans	6(15)(30)	(3,249,041)	(2,504,245)
Decrease in guarantee deposits received	6(30)	(3,013)	(4,968)
Repayments of principal portion of lease liabilities	6(8)(30)	(56,594)	(44,783)
Net cash flows used in financing activities		(3,658,229)	(708,063)
Effect of exchange rate changes on cash and cash equivalents		(292,668)	(556,349)
Net decrease in cash and cash equivalents		(1,464,439)	(784,245)
Cash and cash equivalents at beginning of period	6(1)	19,112,521	25,501,222
Cash and cash equivalents at end of period	6(1)	\$ 17,648,082	\$ 24,716,977

The accompanying notes are an integral part of these consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE-MONTH PERIODS ENDED MARCH 31, 2021 AND 2020

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(Review, not audited)

1. HISTORY AND ORGANISATION

Cheng Shin Rubber Ind. Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in: (a) Processing, manufacturing and trading of bicycle tires, electrical vehicle tires, reclaimed rubber, various rubbers and resin and other rubber products; and (b) Manufacturing and trading of various rubber products and relevant rubber machinery. The Company has been listed on the Taiwan Stock Exchange starting December 1987.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on May 12, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows :

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform - Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note : Earlier application from January 1, 2021 is allowed by FSC.

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts-cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation described below, the other significant accounting policies of the Group are in agreement with Note 4 in the consolidated financial statements for the year ended December 31, 2020. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

- A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.
- B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2020.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
 - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (b) Financial assets at fair value through other comprehensive income.
 - (c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or

complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2020.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS International Co., Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	CST Trading Ltd.	Holding company	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Trading Ltd.	Holding company	100	100	100	Note 7
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER USA, INC.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	CHENG SHIN RUBBER CANADA, INC.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS Tech Center Europe B.V.	Technical center	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	PT MAXXIS International Indonesia	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Rubber India Private Limited	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS (Taiwan) Trading CO., LTD.	Wholesale and retail of tires	100	100	100	
CHENG SHIN RUBBER IND. CO., LTD.	PT.MAXXIS TRADING INDONESIA	Large-amount trading of vehicles parts and accessories	100	100	100	Note 6

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
CHENG SHIN RUBBER IND. CO., LTD.	Maxxis Europe B.V.	Import and export of tires	100	100	100	Note 6
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS RUBBER JAPAN CO., LTD.	Import and export of tires	100	100	-	Note 5 、 Note 7
CHENG SHIN RUBBER IND. CO., LTD.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Import and export of tires	20	20	-	Note 4 、 Note 7
MAXXIS International Co., Ltd.	TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after-sales service centre	100	100	100	
MAXXIS International Co., Ltd.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	60	60	60	Note 3
MAXXIS International Co., Ltd.	MAXXIS International (HK) Ltd.	Holding company	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	Production and sales of various types of tires	100	100	100	
MAXXIS International (HK) Ltd.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Research, development, testing and exhibition of tires and automobile accessory products and related products, and management of racing tracks	100	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
MAXXIS International (HK) Ltd.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	25	25	25	Note 2
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Holding company	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Production and sales of various types of tires	100	100	100	
Cheng Shin International (HK) Ltd.	CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Production, sales and maintenance of models	50	50	50	Note 8
Cheng Shin International (HK) Ltd.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	30	30	30	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO.,LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Production and sales of various types of tires	70	70	70	Note 1
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	KUNSHAN MAXXIS TIRE CO., LTD.	Retail of accessories for rubber tires	100	100	100	
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	Holding company	100	100	100	Note 7

Name of investor	Name of subsidiary	Main business activities	Ownership (%)			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Retail of accessories for rubber tires	95	95	95	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Production and sales of various types of tires	40	40	40	Note 3
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	49	49	49	Note 8
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Production and sales of various types of tires	75	75	75	Note 2
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	XIAMEN ESTATE CO., LTD.	Construction and trading of employees' housing	100	100	100	
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 7
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Production and sales of various types of tires	100	100	100	Note 6
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL-MEXICO S. de R.L. de C.V.	Import and export of tires	80	80	-	Note 4 、 Note 7

Note 1: Cheng Shin International (HK) Ltd. and Cheng Shin Tire & Rubber (China) Co., Ltd. collectively hold 100% equity interest in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd.

Note 2: Maxxis International (HK) Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Rubber (Zhangzhou) Ind. Co., Ltd.

Note 3: Maxxis International Co., Ltd. and Cheng Shin Rubber (Xiamen) Ind., Ltd. collectively hold 100% equity interest in Cheng Shin Petrel Tire (Xiamen) Co., Ltd.

Note 4: In March 2019, the Company established MAXXIS INTERNATIONAL MEXICO S. de

R.L. de C.V. in Mexico, and remitted out investment in the amount of MXN 2,093 thousand with the subsidiary, CHENG SHIN RUBBER USA, INC., during the second quarter and third quarter of 2020, and jointly acquired 100% equity interest of MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 5: In February 2020, the Company established MAXXIS RUBBER JAPAN CO., LTD. in Japan, and remitted out investment in the amount of JPY 50,000 thousand in April 2020, and acquired 100% equity interest. The subsidiary was included in the consolidated entity in the second quarter of 2020.

Note 6: The financial statements of the entity as of March 31, 2021 and 2020, were not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 7: The financial statements of the entity as of March 31, 2021, was not reviewed by the independent auditors as the entity did not meet the definition of significant subsidiary.

Note 8: The entity was included in the consolidated financial statements since the Group had the power to govern the financial and operating policies under the comprehensive assessment.

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

A. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

B. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

There have been no significant changes as of March 31, 2021. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2020.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2021	December 31, 2020	March 31, 2020
Cash on hand and revolving funds	\$ 5,872	\$ 3,833	\$ 5,064
Checking deposit	1,202,691	1,217,460	1,711,519
Demand deposits	12,939,138	16,478,670	16,567,349
Time deposits	3,500,381	1,412,558	6,433,045
	<u>\$ 17,648,082</u>	<u>\$ 19,112,521</u>	<u>\$ 24,716,977</u>
Interest rate range			
Time deposits	<u>0.12%~3.90%</u>	<u>0.20%~2.90%</u>	<u>1.55%~4.10%</u>

The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through profit or loss

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Financial assets mandatorily measured at fair value through profit or loss			
Derivative instruments	<u>\$ 6,967</u>	<u>\$ 820</u>	<u>\$ 3,585</u>

A. The Group recognised net (loss) profit amounting to (\$20,696) thousand and \$3,585 thousand on financial assets mandatorily measured at fair value through profit or loss - derivative instruments for the three-month periods ended March 31, 2021 and 2020, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	March 31, 2021	
Derivative instruments	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2021/01/05~
USD exchange to NTD	<u>USD 49,000 thousand</u>	2021/6/30
Foreign exchange swap		2020/10/22~
USD exchange to NTD	<u>USD 45,000 thousand</u>	2021/11/8
	December 31, 2020	
Derivative instruments	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2020/11/09~
USD exchange to NTD	<u>USD 40,000 thousand</u>	2021/3/22
Foreign exchange swap		2020/10/20~
USD exchange to NTD	<u>USD 60,000 thousand</u>	2021/11/8

Derivative instruments	March 31, 2020	
	Contract amount (Notional principal)	Contract period
Current items:		
Forward foreign exchange contracts		2020/03/05~
USD exchange to NTD	USD 9,000 thousand	2020/6/15

The Group entered into forward foreign exchange contracts and foreign exchange swap to hedge exchange rate risk of import (export) proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

Items	March 31, 2021	December 31, 2020	March 31, 2020
Current items:			
Equity instruments			
Listed stocks	\$ 8,665	\$ 8,665	\$ 8,665
Valuation adjustment	19,042	21,152	9,033
Total	<u>\$ 27,707</u>	<u>\$ 29,817</u>	<u>\$ 17,698</u>
Non-current items:			
Equity instruments			
Unlisted stocks	<u>\$ 58,187</u>	<u>\$ 58,187</u>	<u>\$ 58,187</u>

A. The Group has elected to classify equity instruments investment that are considered to be steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$85,894 thousand, \$88,004 thousand and \$75,885 thousand as at March 31, 2021, December 31, 2020 and March 31, 2020, respectively.

B. Amounts recognized in other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive loss	(\$ 2,110)	(\$ 8,237)

C. Information relating to credit risk of financial assets at fair value through other comprehensive loss/income is provided in Note 12(2).

(4) Notes and accounts receivable

	March 31, 2021	December 31, 2020	March 31, 2020
Notes receivable	\$ 3,581,286	\$ 4,553,334	\$ 2,638,622
Less: Loss allowance	(9,277)	(9,277)	(9,277)
	<u>\$ 3,572,009</u>	<u>\$ 4,544,057</u>	<u>\$ 2,629,345</u>
Accounts receivable	\$ 10,134,314	\$ 9,533,434	\$ 8,380,615
Less: Loss allowance	(61,915)	(60,595)	(74,696)
	<u>\$ 10,072,399</u>	<u>\$ 9,472,839</u>	<u>\$ 8,305,919</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	March 31, 2021		December 31, 2020	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Without past due	\$ 8,627,880	\$ 3,581,286	\$ 8,285,062	\$ 4,553,334
Up to 30 days	1,151,594	-	880,500	-
31 to 90 days	209,257	-	212,594	-
91 to 180 days	80,765	-	67,641	-
Over 180 days	64,818	-	87,637	-
	<u>\$ 10,134,314</u>	<u>\$ 3,581,286</u>	<u>\$ 9,533,434</u>	<u>\$ 4,553,334</u>
	March 31, 2020			
	Accounts receivable	Notes receivable		
Without past due	\$ 6,660,914	\$ 2,638,622		
Up to 30 days	1,229,375	-		
31 to 90 days	251,922	-		
91 to 180 days	108,819	-		
Over 180 days	129,585	-		
	<u>\$ 8,380,615</u>	<u>\$ 2,638,622</u>		

The above ageing analysis was based on past due date.

B. As at March 31, 2021, December 31, 2020 and March 31, 2020, accounts receivable and notes receivable were all from contracts with customers. And as at January 1, 2020, the balance of receivables from contracts with customers amounted to \$12,754,433 thousand.

C. As at March 31, 2021, December 31, 2020 and March 31, 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable were \$3,572,009 thousand and \$10,072,399 thousand; \$4,544,057 thousand and \$9,472,839 thousand; \$2,629,345 thousand and \$8,305,919 thousand, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	March 31, 2021		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 6,436,142	\$ -	\$ 6,436,142
Work in progress	2,633,818	(1,834)	2,631,984
Finished goods	7,128,808	(99,686)	7,029,122
Buildings and land held for sale	2,211,551	-	2,211,551
Inventory in transit	266,182	-	266,182
	<u>\$ 18,676,501</u>	<u>(\$ 101,520)</u>	<u>\$ 18,574,981</u>

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,345,364	\$ -	\$ 5,345,364
Work in progress	2,497,417	(1,833)	2,495,584
Finished goods	6,912,868	(98,948)	6,813,920
Buildings and land held for sale	2,249,841	-	2,249,841
Inventory in transit	658,730	-	658,730
	<u>\$ 17,664,220</u>	<u>(\$ 100,781)</u>	<u>\$ 17,563,439</u>
	March 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 5,682,967	\$ -	\$ 5,682,967
Work in progress	2,516,092	(141)	2,515,951
Finished goods	6,235,259	(158,704)	6,076,555
Buildings and land held for sale	2,255,153	-	2,255,153
Inventory in transit	130,383	-	130,383
	<u>\$ 16,819,854</u>	<u>(\$ 158,845)</u>	<u>\$ 16,661,009</u>

The cost of inventories recognized as expense for the period:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Cost of goods sold	\$ 20,614,676	\$ 15,845,506
Unallocated overheads	-	122,040
Others	(22,465)	43,518
	<u>\$ 20,592,211</u>	<u>\$ 16,011,064</u>

(6) Investments accounted for using the equity method

The carrying amount of the Group's interests in all individually immaterial joint ventures and the Group's share of the operating results are summarized below:

As at March 31, 2021, December 31, 2020 and March 31, 2020, the carrying amount of the Group's individually immaterial joint ventures amounted to \$178,421 thousand, \$172,981 thousand and \$164,051 thousand, respectively.

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Share of profit of associates and joint ventures accounted for using the equity method	\$ 5,440	\$ 6,562
Total comprehensive income	<u>\$ 5,440</u>	<u>\$ 6,562</u>

(7) Property, plant and equipment, net

Three-month period ended March 31, 2021						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,575,780	\$ -	\$ -	\$ -	(\$ 21,627)	\$ 4,554,153
Buildings and structures	50,291,676	22,591	-	128,050	(472,946)	49,969,371
Machinery	105,081,676	176,065	(145,976)	686,018	(1,083,506)	104,714,277
Testing equipment	4,014,621	5,040	(5,835)	10,762	(39,636)	3,984,952
Transportation equipment	1,455,856	17,626	(1,792)	11,126	(9,838)	1,472,978
Office equipment	1,087,554	4,164	(677)	7,223	(8,382)	1,089,882
Other facilities	35,467,514	270,316	(39,993)	146,091	(488,595)	35,355,333
Unfinished construction and equipment under acceptance	5,346,734	493,105	-	(1,021,394)	(42,869)	4,775,576
	<u>\$ 207,321,411</u>	<u>\$ 988,907</u>	<u>(\$ 194,273)</u>	<u>(\$ 32,124)</u>	<u>(\$ 2,167,399)</u>	<u>\$ 205,916,522</u>
Accumulated depreciation						
Buildings and structures	(\$ 20,594,065)	(\$ 493,352)	\$ -	(\$ 522)	\$ 182,892	(\$ 20,905,047)
Machinery	(63,353,926)	(1,387,929)	97,568	(709)	688,719	(63,956,277)
Testing equipment	(3,168,136)	(69,134)	5,778	-	28,090	(3,203,402)
Transportation equipment	(1,130,596)	(23,254)	1,407	-	337	(1,152,106)
Office equipment	(836,928)	(30,679)	673	-	8,884	(858,050)
Other facilities	(28,425,770)	(795,307)	36,192	1,231	509,683	(28,673,971)
	<u>(\$ 117,509,421)</u>	<u>(\$ 2,799,655)</u>	<u>\$ 141,618</u>	<u>\$ -</u>	<u>\$ 1,418,605</u>	<u>(\$ 118,748,853)</u>
Accumulated impairment						
Machinery	(\$ 240,391)	\$ -	\$ 29,744	\$ -	\$ 1,499	(\$ 209,148)
Testing equipment	(270)	-	-	-	2	(268)
Transportation equipment	(1,970)	-	-	-	15	(1,955)
Office equipment	(46)	-	-	-	-	(46)
Other facilities	(22,040)	-	632	-	147	(21,261)
	<u>(\$ 264,717)</u>	<u>\$ -</u>	<u>\$ 30,376</u>	<u>\$ -</u>	<u>\$ 1,663</u>	<u>(\$ 232,678)</u>
	<u>\$ 89,547,273</u>					<u>\$ 86,934,991</u>

Three-month period ended March 31, 2020						
	Beginning of period	Additions	Disposals	Transfers	Exchange rate differences	End of period
Cost						
Land	\$ 4,610,898	\$ -	\$ -	\$ -	(\$ 43,463)	\$ 4,567,435
Buildings and structures	49,810,262	38,472	(6,292)	125,737	(1,328,778)	48,639,401
Machinery	102,641,974	232,906	(100,489)	545,309	(2,530,897)	100,788,803
Testing equipment	3,869,352	2,205	(87)	25,675	(87,451)	3,809,694
Transportation equipment	1,428,027	5,908	(3,008)	3,555	(17,485)	1,416,997
Office equipment	1,054,912	5,447	(183)	107	(20,718)	1,039,565
Other facilities	33,998,456	256,267	(121,063)	146,947	(980,160)	33,300,447
Unfinished construction and equipment under acceptance	<u>5,563,842</u>	<u>830,180</u>	<u>-</u>	<u>(847,330)</u>	<u>(139,576)</u>	<u>5,407,116</u>
	<u>\$ 202,977,723</u>	<u>\$ 1,371,385</u>	<u>(\$ 231,122)</u>	<u>\$ -</u>	<u>(\$ 5,148,528)</u>	<u>\$ 198,969,458</u>
Accumulated depreciation						
Buildings and structures	(\$ 18,644,399)	(\$ 485,692)	\$ 2,590	\$ -	\$ 319,912	(\$ 18,807,589)
Machinery	(58,136,370)	(1,447,090)	68,436	-	1,395,895	(58,119,129)
Testing equipment	(2,888,108)	(72,444)	11	-	52,711	(2,907,830)
Transportation equipment	(1,061,464)	(25,334)	2,548	-	12,635	(1,071,615)
Office equipment	(710,600)	(33,680)	153	-	12,668	(731,459)
Other facilities	(25,364,441)	(896,336)	108,805	-	760,453	(25,391,519)
	<u>(\$ 106,805,382)</u>	<u>(\$ 2,960,576)</u>	<u>\$ 182,543</u>	<u>\$ -</u>	<u>\$ 2,554,274</u>	<u>(\$ 107,029,141)</u>
Accumulated impairment						
Machinery	(\$ 256,534)	\$ -	\$ 2,200	\$ -	\$ 2,805	(\$ 251,529)
Testing equipment	(271)	(422)	-	-	8	(685)
Transportation equipment	(1,960)	-	-	-	23	(1,937)
Office equipment	(58)	-	-	-	1	(57)
Other facilities	(23,933)	-	-	-	255	(23,678)
	<u>(\$ 282,756)</u>	<u>(\$ 422)</u>	<u>\$ 2,200</u>	<u>\$ -</u>	<u>\$ 3,092</u>	<u>(\$ 277,886)</u>
	<u>\$ 95,889,585</u>					<u>\$ 91,662,431</u>

Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Amount capitalized	\$ 6,526	\$ 4,603
Range of the interest rates for capitalization	3.83%~4.68%	3.83%~4.68%

(8) Leasing arrangements — lessee

- A. The Group leases various assets including land, buildings, business vehicles, multifunction printers. Rental contracts are typically made for periods of 1 to 95 years. Lease terms are negotiated on an individual basis and contain various terms and conditions. The lease agreements do not impose covenants, but leased assets of land may not be used as security for borrowing purposes.
- B. Short-term leases comprise of forklift trucks and stacking machines. Low-value assets comprise of computers.
- C. The carrying amount of right-of-use assets and the depreciation expense are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Book value</u>	<u>Book value</u>	<u>Book value</u>
Land	\$ 4,566,030	\$ 4,639,486	\$ 4,597,399
Buildings and structures	398,333	416,568	453,378
Machinery	16,413	17,917	19,635
Transportation equipment	155,071	172,707	101,399
Office equipment	5,723	6,645	8,589
Other equipment	22,293	25,223	31,406
	<u>\$ 5,163,863</u>	<u>\$ 5,278,546</u>	<u>\$ 5,211,806</u>
	Three-month period ended	Three-month period ended	
	<u>March 31, 2021</u>	<u>March 31, 2020</u>	
	<u>Depreciation expense</u>	<u>Depreciation expense</u>	
Land	\$ 26,075	\$ 26,615	
Buildings and structures	21,643	21,020	
Machinery	763	785	
Transportation equipment	19,336	14,157	
Office equipment	913	1,027	
Other equipment	2,729	3,098	
	<u>\$ 71,459</u>	<u>\$ 66,702</u>	

- D. For the three-month periods ended March 31, 2021 and 2020, the additions to right-of-use assets amounted to \$8,167 thousand and \$33,646 thousand, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

<u>Items affecting profit or loss</u>	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Interest expense on lease liabilities	\$ 4,064	\$ 4,784
Expense on short-term lease contracts	3,327	3,881
Expense on leases of low-value assets	707	884
Expense on variable lease payments	44,841	37,704
	<u>\$ 52,939</u>	<u>\$ 47,253</u>

F. For the three-month periods ended March 31, 2021 and 2020, the Group's total cash outflow for leases amounted to \$109,533 thousand and \$92,036 thousand, respectively.

G. Variable lease payments

(a) Some of the Group's lease contracts contain variable lease payment terms that are linked to the stored amount of tires. For the aforementioned lease contracts, up to 36.05% and 33.09%, respectively, of lease payments are on the basis of variable payment terms for the three-month periods ended March 31, 2021 and 2020 and are accrued based on the stored amount of tires. Variable payment terms are used for a variety of reasons. Various lease payments that depend on the stored amount of tires are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

(b) A 1% increase in the stored amount of tires with such variable lease contracts would increase total lease payments by approximately \$448 thousand and \$377 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.

(9) Investment property, net

	<u>Three-month period ended March 31, 2021</u>				
	<u>Opening net book amount as at January 1</u>	<u>Additions</u>	<u>Transfer</u>	<u>Exchange rate differences</u>	<u>Closing net book amount as at March 31</u>
Cost					
Land	\$ 336,421	\$ -	\$ -	\$ -	\$ 336,421
Buildings and structures	462,168	-	-	(3,275)	458,893
	<u>\$ 798,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 3,275)</u>	<u>\$ 795,314</u>
Accumulated depreciation					
Buildings and structures	(\$ 216,454)	(\$ 5,857)	\$ -	\$ 1,495	(\$ 220,816)
Accumulated impairment					
Land	(\$ 51,038)	-	-	-	(\$ 51,038)
	<u>\$ 531,097</u>				<u>\$ 523,460</u>

Three-month period ended March 31, 2020					
	Opening net book amount as at January 1	Additions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost					
Land	\$ 336,339	\$ -	\$ -	\$ -	\$ 336,339
Buildings and structures	455,023	-	-	(4,963)	450,060
	<u>\$ 791,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 4,963)</u>	<u>\$ 786,399</u>
Accumulated depreciation					
Buildings and structures	(\$ 190,168)	(\$ 5,786)	\$ -	\$ 2,012	(\$ 193,942)
Accumulated impairment					
Land	(\$ 51,038)	\$ -	\$ -	\$ -	(\$ 51,038)
	<u>\$ 550,156</u>				<u>\$ 541,419</u>

A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Rental income from investment property	<u>\$ 7,655</u>	<u>\$ 7,440</u>
Direct operating expenses arising from the investment property that generated rental income during the period	<u>\$ 5,857</u>	<u>\$ 5,786</u>

B. The fair value of the investment property held by the Group as at March 31, 2021, December 31, 2020 and March 31, 2020 was \$1,089,361 thousand, \$1,093,399 thousand and \$1,060,360 thousand, respectively, which were valued by independent appraisers. Valuations were made using the comparison method which is categorized within Level 3 in the fair value hierarchy.

C. The Company acquired the land in Shangmei Section, Dacun Township, Changhua County which is farming and pasturable land. The land will be registered under the Company after the classification of the land is changed. Currently, the land is under the name of related party, Mr./Ms. Chiu. The Company plans to use the land for operational expansion. The Company holds the original ownership certificate of such land and signed a land trust agreement, which requires the nominal holder not to transfer the ownership of the land to others.

(10) Other non-current assets

	March 31, 2021	December 31, 2020	March 31, 2020
Intangible assets	\$ 210,103	\$ 181,768	\$ 220,207
Others	791,488	731,200	622,510
	<u>\$ 1,001,591</u>	<u>\$ 912,968</u>	<u>\$ 842,717</u>

Movements in intangible assets:

Three-month period ended March 31, 2021						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Computer software	\$ 530,046	\$ 19,063	(\$ 380)	\$ 32,124	(\$ 3,478)	\$ 577,375
Others	7,892	-	-	-	(60)	7,832
	<u>\$ 537,938</u>	<u>\$ 19,063</u>	<u>(\$ 380)</u>	<u>\$ 32,124</u>	<u>(\$ 3,538)</u>	<u>\$ 585,207</u>
Accumulated amortisation						
Computer software	(\$ 353,013)	(\$ 21,102)	\$ 380	\$ -	\$ 1,960	(\$ 371,775)
Others	(3,157)	(197)	-	-	25	(3,329)
	<u>(\$ 356,170)</u>	<u>(\$ 21,299)</u>	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ 1,985</u>	<u>(\$ 375,104)</u>
	<u>\$ 181,768</u>					<u>\$ 210,103</u>
Three-month period ended March 31, 2020						
	Opening net book amount as at January 1	Additions	Reductions	Transfer	Exchange rate differences	Closing net book amount as at March 31
Cost						
Computer software	\$ 514,464	\$ 1,894	\$ -	\$ -	(\$ 6,616)	\$ 509,742
Others	7,762	-	-	-	(90)	7,672
	<u>\$ 522,226</u>	<u>\$ 1,894</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(\$ 6,706)</u>	<u>\$ 517,414</u>
Accumulated amortisation						
Computer software	(\$ 273,107)	(\$ 25,355)	\$ -	\$ -	\$ 3,748	(\$ 294,714)
Others	(2,329)	(194)	-	-	30	(2,493)
	<u>(\$ 275,436)</u>	<u>(\$ 25,549)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,778</u>	<u>(\$ 297,207)</u>
	<u>\$ 246,790</u>					<u>\$ 220,207</u>

Details of amortisation on intangible assets are as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Operating costs	\$ 2,675	\$ 2,759
Selling expenses	2,039	1,502
Administrative expenses	12,878	17,646
Research and development expenses	3,707	3,642
	<u>\$ 21,299</u>	<u>\$ 25,549</u>

(11) Short-term borrowings

Type of borrowings	March 31, 2021	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 6,482,987	0.22% ~ 5.20%	None
Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 7,222,391	0.45% ~ 5.95%	None
Type of borrowings	March 31, 2020	Interest rate range	Collateral
Bank borrowings			
Bank unsecured borrowings	\$ 17,340,115	0.55% ~ 6.95%	None

The abovementioned credit loan includes the guarantee of endorsement provided by the Group.

(12) Other payables

	March 31, 2021	December 31, 2020	March 31, 2020
Dividend payable	\$ 657	\$ 657	\$ 657
Wages and salaries payable	1,059,675	1,485,019	916,754
Payable on machinery and equipment	561,729	607,905	1,001,735
Employee compensation payable	200,921	249,834	105,080
Compensation due to directors and supervisors	151,944	101,019	68,686
Other accrued expenses	2,001,503	1,751,515	1,729,364
Others	970,405	1,361,587	835,627
	<u>\$ 4,946,834</u>	<u>\$ 5,557,536</u>	<u>\$ 4,657,903</u>

(13) Other current liabilities

	March 31, 2021	December 31, 2020	March 31, 2020
Long-term liabilities due within one year	\$ 9,166,498	\$ 9,765,552	\$ 9,583,406
Advance receipts	3,296	804	3,207
Refund liabilities	425,709	451,827	139,658
Others	137,453	122,894	139,304
	<u>\$ 9,732,956</u>	<u>\$ 10,341,077</u>	<u>\$ 9,865,575</u>

(14) Bonds payable

	March 31, 2021	December 31, 2020	March 31, 2020
Bonds payable -issued in 2016	\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
Bonds payable -issued in 2017	7,000,000	7,000,000	7,000,000
Bonds payable -issued in 2018	5,000,000	5,000,000	5,000,000
	14,500,000	14,500,000	17,000,000
Less: Current portion	(6,000,000)	(6,000,000)	(2,500,000)
	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</u>	<u>\$ 14,500,000</u>

A. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of

the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on July 16, 2018 and completed on July 25, 2018. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.87%. The issuance period of the bonds is 5 years, which is from July 25, 2018 and July 25, 2023. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

- B. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on August 1, 2017 and completed on August 10, 2017. The bonds were fully issued and total issuance amount was \$7 billion with a coupon rate of 1.03%. The issuance period of the bonds is 5 years, which is from August 10, 2017 to August 10, 2022. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

- C. In order to fulfil its capital and repay long-term and short-term loans, the Board of Directors of the Company has resolved to issue domestic unsecured bonds (“the bonds”). The bond issuance has been approved by the Taipei Exchange on September 13, 2016 and completed on September 26, 2016. The bonds were fully issued and total issuance amount was \$5 billion with a coupon rate of 0.71%. The issuance period of the bonds is 5 years, which is from September 26, 2016 to September 26, 2021. The terms are as follows:

(a) Interest accrued/paid:

The interest is accrued/ paid at a single rate annually from the issue date.

(b) Redemption:

The principal of the corporate bond will be redeemed at 50% of the total amount after four and five years from the issue date.

(15) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2021
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70% ~ 1.87%	None	\$ 23,665,030
Other borrowings				
Unsecured borrowings	Principal is repayable in November, 2022 at the maturity.	6.65%	None	217,200
				23,882,230
Less: Current portion				(3,166,498)
				\$ 20,715,732

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until June 2027.	0.70% ~ 4.50%	None	\$ 26,487,676
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	218,850
				26,706,526
Less: Current portion				(3,765,552)
				\$ 22,940,974

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2020
Long-term bank borrowings				
Unsecured borrowings	Principal is repayable in installment until March 2027.	1.00% ~ 4.65%	None	\$ 29,003,721
Other borrowings				
Unsecured borrowings	Principal is repayable in November 2022 at the maturity.	6.65%	None	212,750
				29,216,471
Less: Current portion				(7,083,406)
				\$ 22,133,065

A. Above mentioned borrowings are capital financings through financial institutions and other related parties.

B. According to the borrowing contract, the Group shall calculate the financial ratios based on the audited annual consolidated financial statements and the reviewed semi-annual consolidated financial statements. The financial ratios shall be maintained as follows: at least 100% for current ratio, no more than 200% for debt-to-equity ratio, at least 150% for debt-service coverage ratio. The financial ratios as assessed in the financial statements have met the abovementioned requirements as at December 31, 2020.

C. The currencies and carrying amounts (in thousands of New Taiwan dollars) of the Group's long-term borrowings (including current portion) denominated in foreign currencies are as follows:

Currency	March 31, 2021	December 31, 2020	March 31, 2020
USD	\$ 13,003,400	\$ 13,731,157	\$ 16,000,108

(16) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' including commissioned managers service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor

Standard Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

- (b) For the aforementioned pension plan, the Group recognised pension costs of \$3,726 thousand and \$5,104 thousand for the three-month periods ended March 31, 2021 and 2020, respectively.
- (c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to \$18,853 thousand.
- B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under defined contribution pension plans of the Company and MAXXIS (Taiwan) Trading Co., Ltd. for the three-month periods ended March 31, 2021 and 2020 were \$35,287 thousand and \$40,842 thousand, respectively.
- C. (a) The Company's mainland China subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the three-month periods ended March 31, 2021 and 2020 ranged between 14% ~ 20%. Other than the monthly contributions, the Group has no further obligations. The pension costs under defined contribution pension plans of the Group for the three-month periods ended March 31, 2021 and 2020, were \$79,478 thousand and \$51,126 thousand, respectively.
- (b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees are based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations. The pension costs under the defined contribution pension plan of the Group for the three-month periods ended March 31, 2021 and 2020 were \$13,927 thousand and \$14,407 thousand, respectively.

(17) Share capital

As at March 31, 2021, the Company's authorized capital and paid-in capital were both \$32,414,155 thousand, and all proceeds from shares issued have been collected.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires

that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation of the remaining amount along with the unappropriated earnings shall be proposed by the Board of Directors and resolved by the shareholders. According to the appropriation of earnings proposed by the Board of Directors, at least 10% ~ 80% of the Company's accumulated distributable earnings shall be appropriated as dividends, and cash dividends shall account for at least 10% of the total dividends distributed.
- B. Where the Company accrues annual net income, no less than 2% of which shall be appropriated as employees' compensation and no higher than 3% of which shall be appropriated as directors' and supervisors' remuneration after offsetting accumulated deficit. The employees' compensation can be appropriated in the form of shares or cash whereas the directors' and supervisors' remuneration can only be appropriated in the form of cash. The appropriations require attendance of over two thirds of Board of Directors members and approval of over the half of attendees. The resolution of Board of Directors shall be reported at the shareholders' meeting. The recipients of aforementioned employees' compensation include eligible employees of subordinate companies who meet the requirements set out by the Board of Directors.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. The Company recognized dividends distributed to shareholders amounting to \$3,241,416 thousand and \$3,565,557 thousand (\$1.0 (in dollars) and \$1.1 (in dollars) per share) for the years ended December 31, 2020 and 2019, respectively. On March 24, 2021, the Board of Directors resolved that total dividends for the distribution of earnings for the year of 2020 was \$3,889,699 thousand at \$1.2 (in dollars) per share. However, the distribution is still pending for approval at the shareholders' meeting.

(20) Other equity items

	2021		
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,632,448)	\$ 21,152	(\$ 6,611,296)
Valuation adjustment – Group	-	(2,110)	(2,110)
Currency translation differences:			
– Group	(689,576)	-	(689,576)
– Tax on Group	137,915	-	137,915
At March 31	<u>(\$ 7,184,109)</u>	<u>\$ 19,042</u>	<u>(\$ 7,165,067)</u>

	2020		
	Currency translation	Unrealized gain (loss) on valuation of equity instruments at fair value through other comprehensive income	Total
At January 1	(\$ 6,921,515)	\$ 17,270	(\$ 6,904,245)
Valuation adjustment – Group	-	(8,237)	(\$ 8,237)
Currency translation differences:			
– Group	(1,308,143)	-	(1,308,143)
– Tax on Group	261,629	-	261,629
At March 31	<u>(\$ 7,968,029)</u>	<u>\$ 9,033</u>	<u>(\$ 7,958,996)</u>

(21) Operating revenue

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Revenue from contracts with customers	<u>\$ 27,566,210</u>	<u>\$ 19,550,044</u>

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following and geographical regions:

	Three-month period ended March 31, 2021				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,805,740	\$ 13,609,906	\$ 2,344,583	\$ 9,805,981	\$ 27,566,210
Inter-segment revenue	1,301,924	2,140,958	1,494,344	437,310	5,374,536
Total segment revenue	<u>\$ 3,107,664</u>	<u>\$ 15,750,864</u>	<u>\$ 3,838,927</u>	<u>\$ 10,243,291</u>	<u>\$ 32,940,746</u>

	Three-month period ended March 31, 2020				
	Taiwan	China	US	Others	Total
Revenue from external customer contracts	\$ 1,497,508	\$ 7,788,461	\$ 1,995,067	\$ 8,269,008	\$ 19,550,044
Inter-segment revenue	990,965	977,502	1,494,960	537,158	4,000,585
Total segment revenue	<u>\$ 2,488,473</u>	<u>\$ 8,765,963</u>	<u>\$ 3,490,027</u>	<u>\$ 8,806,166</u>	<u>\$ 23,550,629</u>

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	March 31, 2021	December 31, 2020
Contract liabilities:		
Advance sales receipts	\$ 818,198	\$ 1,118,360
Customer loyalty programmes	7,742	30,922
Total	<u>\$ 825,940</u>	<u>\$ 1,149,282</u>
	March 31, 2020	January 1, 2020
Contract liabilities:		
Advance sales receipts	\$ 745,311	\$ 895,825
Customer loyalty programmes	9,582	39,794
Total	<u>\$ 754,893</u>	<u>\$ 935,619</u>
Revenue recognised that was included in the contract liability balance at the beginning of the period:		
	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Advance sales receipts	\$ 768,199	\$ 584,206
Customer loyalty programmes	30,922	38,763
	<u>\$ 799,121</u>	<u>\$ 622,969</u>
(22) <u>Interest income</u>		
	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Interest income from bank deposits	<u>\$ 19,427</u>	<u>\$ 57,295</u>
(23) <u>Other income</u>		
	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Grant revenue	\$ 102,702	\$ 137,735
Other income	56,072	44,543
	<u>\$ 158,774</u>	<u>\$ 182,278</u>
(24) <u>Other gains and losses</u>		
	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Net currency exchange loss	(\$ 425,943)	(\$ 1,757,840)
Loss on disposal of property, plant and equipment	(6,778)	(14,189)
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	(20,696)	3,585
Other expenses	(33,603)	(25,785)
	<u>(\$ 487,020)</u>	<u>(\$ 1,794,229)</u>

(25) Finance costs

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Interest expense:		
Bank borrowings	\$ 111,368	\$ 310,732
Corporate bonds	32,881	37,258
Provisions-discount	2,588	2,728
Lease liability-interest expense	4,064	4,784
	150,901	355,502
Less: Capitalisation of qualifying assets (	6,526)	(4,603)
Finance costs	\$ 144,375	\$ 350,899

(26) Expenses by nature

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Employee benefit expense		
Wages and salaries	\$ 3,234,275	\$ 2,693,083
Labour and health insurance fees	170,164	178,048
Pension costs	132,418	111,479
Directors' remuneration	51,806	2,652
Other personnel expenses	200,965	163,613
	\$ 3,789,628	\$ 3,148,875
Raw materials and supplies used	\$ 13,451,733	\$ 9,406,596
Depreciation expense on property, plant and equipment	\$ 2,799,655	\$ 2,960,576
Depreciation expense on right-of- use assets	\$ 71,459	\$ 66,702
Depreciation expense on investment property	\$ 5,857	\$ 5,786
Amortisation expense on intangible assets	\$ 21,299	\$ 25,549

Note: As at March 31, 2021 and 2020, the Company had 28,714 and 29,154 employees, of which 9 and 7 directors were not the Company's employees, respectively.

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the three-month periods ended March 31, 2021 and 2020, employees' compensation was accrued at \$46,550 thousand and \$0 thousand, respectively; while directors' remuneration was accrued at \$34,912 thousand and \$0 thousand, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 2% and 1.5%, respectively, of distributable profit of current year for the three-

month periods ended March 31, 2021 and 2020.

Employees' compensation for 2020 amounting to \$139,544 thousand as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2020 financial statements. Directors' remuneration for 2020, the difference of \$13,047 thousand between the amount (resolved at 1.5%) resolved at the Board meeting and the amount of \$91,611 thousand (provided at 1.313%) recognised in the 2020 financial statements, mainly resulting from the adjustment of accrual for directors' remuneration, had been adjusted in the profit or loss of 2021. The employees' compensation for 2020 will be distributed in the form of cash. As of May 12, 2021, the employees' compensation for 2020 has not been distributed.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Current tax:		
Current tax on profits for the period	\$ 540,747	\$ 140,117
Prior year income tax underestimation	28,473	53,543
Total current tax	569,220	193,660
Deferred tax:		
Origination and reversal of temporary differences	198,231	(8,997)
Total current tax	198,231	(8,997)
Income tax expense	\$ 767,451	\$ 184,663

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Generated during the period:		
Currency translation differences	\$ 137,915	\$ 261,629

B. The Company's income tax returns through 2019 have been assessed and approved by the Tax Authority.

(28) Earnings (losses) per share

Three-month period ended March 31, 2021			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 1,813,675	3,241,416	\$ 0.56
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	1,813,675	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	3,896	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 1,813,675	3,245,312	\$ 0.56
Three-month period ended March 31, 2020			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Losses per share (in dollars)
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 1,988,676)	3,241,416	(\$ 0.61)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(1,988,676)	3,241,416	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	2,968	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 1,988,676)	3,244,384	(\$ 0.61)

(29) Supplemental cash flow information

Investing activities with partial cash payments :

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Purchase of property, plant and equipment	\$ 988,907	\$ 1,371,385
Add: Opening balance of payable on equipment	607,905	1,128,354
Less: Ending balance of payable on equipment	(561,729)	(1,001,735)
Cash paid during the period	<u>\$ 1,035,083</u>	<u>\$ 1,498,004</u>

(30) Changes in liabilities from financing activities

	2021				
	Short-term borrowings	Long-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 7,222,391	\$ 26,706,526	\$ 714,351	\$ 257,773	\$ 34,901,041
Changes in cash flow from financing activities	(627,369)	(2,971,253)	(56,594)	(3,013)	(3,658,229)
Interest paid	-	-	(4,064)	-	(4,064)
Additions	-	-	7,526	-	7,526
Amortisation of interest expense	-	-	4,064	-	4,064
Impact of changes in foreign exchange rate	(112,035)	146,957	(3,304)	-	31,618
At March 31	<u>\$ 6,482,987</u>	<u>\$ 23,882,230</u>	<u>\$ 661,979</u>	<u>\$ 254,760</u>	<u>\$ 31,281,956</u>
	2020				
	Short-term borrowings	Long-term borrowings	Lease liability	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	\$ 16,843,366	\$ 30,702,861	\$ 708,927	\$ 248,381	\$ 48,503,535
Changes in cash flow from financing activities	853,053	(1,511,365)	(44,783)	(4,968)	(708,063)
Interest paid	-	-	(4,784)	-	(4,784)
Additions	-	-	31,170	-	31,170
Amortisation of interest expense	-	-	4,784	-	4,784
Impact of changes in foreign exchange rate	(356,304)	24,975	(14,638)	-	(345,967)
At March 31	<u>\$ 17,340,115</u>	<u>\$ 29,216,471</u>	<u>\$ 680,676</u>	<u>\$ 243,413</u>	<u>\$ 47,480,675</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Toyo Tire & Rubber Co., Ltd.	Associate which invests in subsidiary by using the equity method
New Pacific IND. CD., LTD.	Investee accounted for using the equity method
MERIDA INDUSTRY CO., LTD.	The Company's director is the company's vice chairman
Maxxis (XiaMen) Trading CO., LTD.	The Company's director is the company's representative
Jye Luo Memory Co Ltd.	The Company's director is the company's representative (Note)
Luo, Jye	Relative of the Company's director within first degree of relationship
Lo, Ming-Ling	Spouse of the Company's director
Lo, Ming-I	Spouse of the Company's chairman
Lo, Tsai-Jen	The Company's director
Luo, Yuan-Yo	Relative of the Company's director within first degree of relationship
Lo, Yuan-Long	Relative of the Company's director within first degree of relationship

Note: This company was established on September 24, 2020.

(2) Significant related party transactions

A. Operating revenue

	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Sales of goods:		
-Other related parties	\$ <u>54,956</u>	\$ <u>51,497</u>

Prices and collection terms of abovementioned sales are the same with third parties, and the credit terms are between 60~90 days.

B. Receivables from related parties

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable:			
-Other related parties	\$ <u>33,722</u>	\$ <u>43,474</u>	\$ <u>31,540</u>

C. Loans to / from related parties: shown as long-term borrowings

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Payables due to related parties :			
-Other related parties	\$ <u>217,200</u>	\$ <u>218,850</u>	\$ <u>212,750</u>

The Group obtained financing from other related parties and financial institutions for capital needs. Please refer to Note 6(15) for interest rates, borrowing periods and repayment methods.

D. Lease transactions - lessee

(a) The Group leases lands from Luo, Jye, Lo, Ming-Ling, Lo, Ming-I, Lo, Tsai-Jen, Luo, Yuan-Yo and Lo, Yuan-Long. Rental contracts are typically made for periods of 4 to 5 years. Rents are prepaid at the beginning of the year.

(b) Lease liabilities

i. Outstanding balance

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Key management personnel	<u>\$ 27,635</u>	<u>\$ 41,546</u>	<u>\$ 41,257</u>
ii. Interest expense			

	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Key management personnel	<u>\$ 65</u>	<u>\$ 96</u>
(3) <u>Key management compensation</u>		
	<u>Three-month period ended March 31, 2021</u>	<u>Three-month period ended March 31, 2020</u>
Short-term employee benefits	<u>\$ 70,416</u>	<u>\$ 37,290</u>
Post-employment benefits	<u>347</u>	<u>509</u>
	<u>\$ 70,763</u>	<u>\$ 37,799</u>

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Property, plant and equipment	<u>\$ 3,136,326</u>	<u>\$ 3,634,056</u>	<u>\$ 3,588,576</u>

B. Amount of letter of credit that has been issued but not yet used:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Amount of letter of credit that has been issued but not yet used	<u>\$ 13,442</u>	<u>\$ 22,886</u>	<u>\$ 154,612</u>

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENT AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the three-month periods ended March 31, 2021, the Group's strategy was unchanged from 2020. The gearing ratio as at March 31, 2021, December 31, 2020 and March 31, 2020 were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Total liabilities	\$ 65,779,836	\$ 70,349,872	\$ 80,878,565
Total equity	\$ 82,237,383	\$ 80,975,281	\$ 74,925,271
Less : Intangible assets	(210,103)	(181,768)	(220,207)
Tangible equity	\$ 82,027,280	\$ 80,793,513	\$ 74,705,064
Debt-equity ratio	80%	87%	108%

(2) Financial instruments

A. Financial instruments by category

	March 31, 2021	December 31, 2020	March 31, 2020
<u>Financial assets</u>			
Financial assets at fair value through profit or loss - current			
Financial assets mandatorily measured at fair value through profit or loss	\$ 6,967	\$ 820	\$ 3,585
Financial assets at fair value through other comprehensive income - current			
Designation of equity instrument	27,707	29,817	17,698
Financial assets at fair value through other comprehensive income - non-current			
Designation of equity instrument	58,187	58,187	58,187
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	17,648,082	19,112,521	24,716,977
Notes receivable, net	3,572,009	4,544,057	2,629,345
Accounts receivable (including related parties)	10,106,121	9,516,313	8,337,459
Guarantee deposits paid	55,540	62,291	47,195
Other financial assets	90,394	4,943	257,280
	<u>\$ 31,565,007</u>	<u>\$ 33,328,949</u>	<u>\$ 36,067,726</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 6,482,987	\$ 7,222,391	\$ 17,340,115
Notes payable	165,487	157,811	1,057,815
Accounts payable	8,463,401	8,442,030	5,157,255
Other accounts payables	4,946,834	5,557,536	4,657,903
Corporate bonds payable (including current portion)	14,500,000	14,500,000	17,000,000
Long-term borrowings (including current portion)	23,882,230	26,706,526	29,216,471
Guarantee deposits received	254,760	257,773	243,413
	<u>\$ 58,695,699</u>	<u>\$ 62,844,067</u>	<u>\$ 74,672,972</u>

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Lease liabilities			
(including current portion)	<u>\$ 661,979</u>	<u>\$ 714,351</u>	<u>\$ 680,676</u>
B. Financial risk management policies			
(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.			
(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.			
C. Significant financial risks and degrees of financial risks			
(a) Market risk			
<u>Foreign exchange risk</u>			
i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.			
ii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss.			
iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: TWD; other certain subsidiaries' functional currency: RMB, THB, VND, CAD, IDR, EUR, INR, JPY, MXN and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:			

March 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>						
<u>Monetary items</u>						
USD : TWD	\$ 150,051	28.535	\$ 4,281,705	1%	\$ 42,817	\$ -
RMB : TWD	87,761	4.344	381,234	1%	3,812	-
EUR : TWD	27,526	33.480	921,570	1%	9,216	-
JPY : TWD	759,137	0.258	195,857	1%	1,959	-
USD : RMB	70,132	6.569	2,001,268	1%	20,013	-
EUR : RMB	26,050	7.707	872,133	1%	8,721	-
JPY : RMB	600,507	0.059	153,908	1%	1,539	-
INR : RMB	794,717	0.087	300,346	1%	3,003	-
USD : THB	53,495	31.189	1,526,637	1%	15,266	-
USD : VND	13,709	25,477.679	391,186	1%	3,912	-
USD : CAD	22,201	1.260	633,594	1%	6,336	-
USD : IDR	20,819	14,411.616	594,070	1%	5,941	-

March 31, 2021						
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 20,973	28.535	\$ 598,465	1%	\$ 5,985	\$ -
USD : RMB	27,734	6.569	791,410	1%	7,914	-
EUR : RMB	6,143	7.707	205,663	1%	2,057	-
USD : THB	27,068	31.189	772,465	1%	7,725	-
USD : VND	60,800	25,477.679	1,734,928	1%	17,349	-
USD : CAD	8,809	1.260	251,400	1%	2,514	-
USD : IDR	305,739	14,411.616	8,724,262	1%	87,243	-
USD : INR	191,673	73.129	5,469,377	1%	54,694	-

December 31, 2020										
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis						
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
<u>Financial assets</u>										
<u>Monetary items</u>										
USD : TWD	\$	226,440	28.480	\$	6,449,011	1%	\$	64,490	\$	-
RMB : TWD		68,852	4.377		301,365	1%		3,014		-
EUR : TWD		17,025	35.020		596,216	1%		5,962		-
JPY : TWD		588,719	0.276		162,486	1%		1,625		-
USD : RMB		70,406	6.507		2,005,243	1%		20,052		-
EUR : RMB		16,611	8.001		581,723	1%		5,817		-
RUB : RMB		715,658	0.088		275,654	1%		2,757		-
USD : THB		58,900	29.803		1,678,159	1%		16,782		-
EUR : THB		3,301	36.647		115,649	1%		1,156		-
USD : VND		34,788	25,657.658		990,762	1%		9,908		-
USD : CAD		22,301	1.274		634,996	1%		6,350		-
USD : IDR		28,121	14,029.557		800,886	1%		8,009		-

December 31, 2020										
(Foreign currency: functional currency)	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis						
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income				
<u>Financial liabilities</u>										
<u>Monetary items</u>										
USD : TWD	\$	33,170	28.480	\$	944,682	1%	\$	9,447	\$	-
USD : RMB		30,354	6.507		864,516	1%		8,645		-
EUR : RMB		6,212	8.001		217,547	1%		2,175		-
USD : THB		20,328	29.803		579,179	1%		5,792		-
USD : VND		39,847	25,657.658		1,134,843	1%		11,348		-
USD : CAD		7,764	1.274		221,071	1%		2,211		-
USD : IDR		301,861	14,029.557		8,597,001	1%		85,970		-
USD : INR		192,566	73.026		5,484,307	1%		54,843		-

March 31, 2020

	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Sensitivity analysis		
				Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD : TWD	\$ 137,387	30.225	\$ 4,152,522	1%	\$ 41,525	\$ -
RMB : TWD	705,378	4.255	3,001,383	1%	30,014	-
EUR : TWD	40,228	33.240	1,337,179	1%	13,372	-
JPY : TWD	1,764,510	0.279	492,298	1%	4,923	-
GBP : TWD	4,184	37.250	155,854	1%	1,559	-
USD : RMB	56,940	7.103	1,720,913	1%	17,209	-
EUR : RMB	15,844	7.812	526,656	1%	5,267	-
JPY : RMB	408,475	0.066	114,712	1%	1,147	-
GBP : RMB	3,281	8.754	122,212	1%	1,222	-
INR : RMB	489,235	0.091	189,434	1%	1,894	-
USD : THB	55,565	32.605	1,679,443	1%	16,794	-
EUR : THB	4,696	35.858	156,097	1%	1,561	-
USD : VND	23,505	26,056.034	710,439	1%	7,104	-
USD : CAD	21,813	1.418	659,136	1%	6,591	-
USD : IDR	29,390	16,077.128	888,313	1%	8,883	-

March 31, 2020

(Foreign currency: functional currency)	Sensitivity analysis					
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD : TWD	\$ 18,260	30.225	\$ 551,909	1%	\$ 5,519	\$ -
USD : RMB	59,419	7.103	1,795,836	1%	17,958	-
EUR : RMB	5,313	7.812	176,604	1%	1,766	-
USD : THB	43,876	32.605	1,326,145	1%	13,261	-
USD : VND	37,150	26,056.034	1,122,859	1%	11,229	-
USD : CAD	7,908	1.418	238,961	1%	2,390	-
USD : IDR	306,711	16,077.128	9,270,340	1%	92,703	-
USD : INR	229,800	75.619	6,945,685	1%	69,457	-

- iv. The exchange loss including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month periods ended March 31, 2021 and 2020 amounted to \$425,943 thousand and \$1,757,840 thousand, respectively.

Price risk

- i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. The Group diversifies its portfolio to manage its price risk arising from investments in equity securities.
- ii. Shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, equity investments at fair value through other comprehensive income and gain or loss for the three-month periods ended March 31, 2021 and 2020 would have increased/decreased by \$859 thousand and \$759 thousand, respectively.

Cash flow and fair value interest rate risk

- i. The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During the three-month periods ended March 31, 2021 and 2020, the Group's borrowings at variable rate were denominated in the TWD, USD, THB, RMB, EUR and INR.
 - ii. The Group's borrowings are measured at amortised cost. The rate of borrowings are referred market interest rates and to that extent are also exposed to the risk of future changes in market interest rates.
 - iii. As at March 31, 2021 and 2020, if interest rates on TWD, USD, THB, RMB, EUR and INR denominated borrowings at that date had been 0.1% higher/lower with all other variables held constant, pre-tax profit for the three-month periods ended March 31, 2021 and 2020 would have been \$30,271 thousand and \$46,526 thousand higher/lower, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.
- (b) Credit risk
- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
 - ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard receiving and payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.
 - iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 30 days.
 - iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial

- reorganization due to their financial difficulties;
- (ii) The disappearance of an active market for that financial asset because of financial difficulties;
- (iii) Default or delinquency in interest or principal repayments;
- (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As at March 31, 2021, December 31, 2020 and March 31, 2020, the Group has no written-off financial assets that are still under recourse procedures.
- vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable; accounts receivable that are significantly past due are assessed individually for their expected credit losses. As at March 31, 2021, December 31, 2020 and March 31, 2020, the provision matrix is as follows:

<u>March 31, 2021</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 8,627,880	\$ -
Up to 30 days	0.78%	1,151,594	8,982
31 to 90 days	1.47%	209,257	3,076
91 to 180 days	4.55%	80,765	3,675
Over 180 days	9.71%	20,640	2,004
Individual	100.00%	44,178	44,178
		<u>\$ 10,134,314</u>	<u>\$ 61,915</u>
<u>December 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 8,285,062	\$ -
Up to 30 days	0.82%	880,500	7,220
31 to 90 days	1.48%	212,594	3,146
91 to 180 days	4.55%	67,641	3,078
Over 180 days	9.72%	44,845	4,359
Individual	100.00%	42,792	42,792
		<u>\$ 9,533,434</u>	<u>\$ 60,595</u>
<u>March 31, 2020</u>	<u>Expected loss rate</u>	<u>Total book value</u>	<u>Loss allowance</u>
Without past due	0.00%	\$ 6,660,914	\$ -
Up to 30 days	1.99%	1,229,375	24,465
31 to 90 days	3.90%	251,922	9,835
91 to 180 days	4.89%	108,819	5,321
Over 180 days	7.95%	102,673	8,163
Individual	100.00%	26,912	26,912
		<u>\$ 8,380,615</u>	<u>\$ 74,696</u>

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2021	2020
At January 1	\$ 60,595	\$ 41,615
Provision for impairment	1,835	33,786
Effect of exchange rate changes	(515)	(705)
At March 31	<u>\$ 61,915</u>	<u>\$ 74,696</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2021

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 4,707,584	\$ 245,952	\$ 1,729,996	\$ -	\$ 6,683,532
Notes and accounts payable	8,628,888	-	-	-	8,628,888
Other payables	4,498,845	210,086	156,304	81,599	4,946,834
Lease liability	43,519	41,088	93,823	483,549	661,979
Guarantee deposits received	2,516	7	-	252,237	254,760
Long-term borrowings	163,505	1,215,561	2,025,576	21,125,611	24,530,253
Bonds payable	-	6,133,350	-	8,601,300	14,734,650

December 31, 2020

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 6,882,527	\$ 281,773	\$ 86,091	\$ -	\$ 7,250,391
Notes and accounts payable	8,599,841	-	-	-	8,599,841
Other payables	5,250,900	77	153,867	152,692	5,557,536
Lease liability	54,513	56,158	68,953	534,727	714,351
Guarantee deposits received	116	-	-	257,657	257,773
Long-term borrowings	1,332,650	176,655	2,530,855	23,593,722	27,633,882
Bonds payable	-	-	6,133,350	8,601,300	14,734,650

March 31, 2020

Non-derivative financial liabilities	Less than three months	Between three and six months	Between six months and 1 year	Over 1 year	Total
Short-term borrowings	\$ 10,425,706	\$ 4,388,441	\$ 2,751,590	\$ -	\$ 17,565,737
Notes and accounts payable	6,141,452	38,296	-	35,322	6,215,070
Other payables	4,386,328	162,891	98,153	10,531	4,657,903
Lease liability	33,675	32,530	77,679	536,792	680,676
Guarantee deposits received	2,959	340	-	240,114	243,413
Long-term borrowings	1,273,907	1,831,553	4,519,942	23,040,738	30,666,140
Bonds payable	-	2,535,500	-	14,691,150	17,226,650

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates, is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in most derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. Financial instruments not measured at fair value

(a) Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

March 31, 2021				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,576,271	\$ -
December 31, 2020				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 14,500,000	\$ -	\$ 14,546,679	\$ -
March 31, 2020				
Carrying amount	Fair value			
	Level 1	Level 2	Level 3	
Financial liabilities:				
Bonds payable	\$ 17,000,000	\$ -	\$ 17,084,553	\$ -

(b) The methods and assumptions of fair value estimate are as follows:

Bonds payable: They are measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the interest rate of par value was equivalent to market interest rate.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of assets and liabilities is as follows:

March 31, 2021				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 6,967	\$ -	\$ 6,967
Financial assets at fair value through other comprehensive income				
- Equity securities	27,707	-	58,187	85,894
Total	<u>\$ 27,707</u>	<u>\$ 6,967</u>	<u>\$ 58,187</u>	<u>\$ 92,861</u>

December 31, 2020				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 820	\$ -	\$ 820
Financial assets at fair value through other comprehensive income				
- Equity securities	29,817	-	58,187	88,004
Total	<u>\$ 29,817</u>	<u>\$ 820</u>	<u>\$ 58,187</u>	<u>\$ 88,824</u>

March 31, 2020				
	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Derivative instruments	\$ -	\$ 3,585	\$ -	\$ 3,585
Financial assets at fair value through other comprehensive income				
- Equity securities	17,698	-	58,187	75,885
Total	<u>\$ 17,698</u>	<u>\$ 3,585</u>	<u>\$ 58,187</u>	<u>\$ 79,470</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. For Level 1, the Group used market quoted prices as their fair values according to the

characteristics of instruments. Listed shares and balanced mutual fund use closing price as their fair values.

- ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes.
- iii. Level 2: When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

E. For the three-month periods ended March 31, 2021 and 2020, there was no transfer between Level 1 and Level 2.

F. There was no movement in Level 3 for the three-month periods ended March 31, 2021 and 2020.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: please refer to table 1.
- B. Provision of endorsements and guarantees to others: please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 4.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: please refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: please refer to Notes 6 (2), 6(24) and 12(2), 12(3).
- J. Significant inter-company transactions during the reporting periods: please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Please refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: please refer to table 8.
- B. Ceiling on investments in Mainland China: please refer to table 8.
- C. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:
Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area for the three-month periods ended March 31, 2021: please refer to tables 4, 5 and 6.

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Chief Operating Decision-Maker that are used to make strategic decisions. Business organization is divided into Cheng Shin (Taiwan), MAXXIS (Taiwan) Trading, Cheng Shin (Xiamen), Cheng

Shin (China), Petrel (Xiamen), Cheng Shin (Thailand) and other segments based on the nature of each company. The Group's revenue is mainly from manufacturing and sales of bicycle tires, electrical vehicle tires, reclaimed rubber, etc.

(2) Measurement of segment information

The Group's segment profit (loss) is measured with the profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments. The accounting policies of the operating segments are in agreement with the significant accounting policies summarized in Note 4.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three-month period ended March 31, 2021						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,955,178	\$ 4,340,782	\$ 7,884,525	\$ 2,851,987	\$ 5,412,995	\$ 24,445,467
Revenue from inter-segment revenue	2,564,916	422,639	118,082	330,218	1,669,687	5,105,542
Total segment revenue	<u>\$ 6,520,094</u>	<u>\$ 4,763,421</u>	<u>\$ 8,002,607</u>	<u>\$ 3,182,205</u>	<u>\$ 7,082,682</u>	<u>\$ 29,551,009</u>
Segment income	<u>\$ 904,403</u>	<u>\$ 221,956</u>	<u>\$ 683,832</u>	<u>\$ 274,436</u>	<u>\$ 1,302,790</u>	<u>\$ 3,387,417</u>
Three-month period ended March 31, 2020						
	CHENG SHIN RUBBER IND. CO., LTD. and MAXXIS (Taiwan) Trading CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	MAXXIS INTERNATIONAL (THAILAND) CO., LTD.	All other segments	Total
Revenue						
Revenue from external customers	\$ 3,343,665	\$ 2,603,488	\$ 4,693,062	\$ 2,716,785	\$ 3,479,051	\$ 16,836,051
Revenue from inter-segment revenue	2,331,269	189,246	122,532	391,282	776,526	3,810,855
Total segment revenue	<u>\$ 5,674,934</u>	<u>\$ 2,792,734</u>	<u>\$ 4,815,594</u>	<u>\$ 3,108,067</u>	<u>\$ 4,255,577</u>	<u>\$ 20,646,906</u>
Segment income (loss)	<u>\$ 364,572</u>	<u>(\$ 268,331)</u>	<u>(\$ 159,331)</u>	<u>\$ 199,425</u>	<u>\$ 249,037</u>	<u>\$ 385,372</u>

(4) Reconciliation for segment income (loss)

A. A reconciliation of income after adjustment and total segment income from continuing operations is provided as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Adjusted revenue from reportable segment	\$ 29,551,009	\$ 20,646,906
Adjusted revenue from other operating segments	3,389,737	2,903,723
Total operating segments	32,940,746	23,550,629
Elimination of inter-segment revenue	(5,374,536)	(4,000,585)
Total consolidated operating revenue	<u>\$ 27,566,210</u>	<u>\$ 19,550,044</u>

B. A reconciliation of adjusted current income before tax and the income before tax from continuing operations is provided as follows:

	Three-month period ended March 31, 2021	Three-month period ended March 31, 2020
Adjusted income from reportable segments before income tax	\$ 3,387,417	\$ 385,372
Adjusted loss from other operating segments before income tax	(774,271)	(2,175,697)
Total operating segments	2,613,146	(1,790,325)
Loss from elimination of inter-segment revenue	(25,630)	(8,802)
Income (loss) from continuing operations before income tax	<u>\$ 2,587,516</u>	<u>(\$ 1,799,127)</u>

CHENG SHIN RUBBER IND. CO., LTD.
Loans to others
Three-month period ended March 31, 2021

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the three-month period ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 2 、 3 、 4)	Ceiling on total loans granted (Note 5 、 6)	Footnote
					March 31, 2021	(Note 8)							Item	Value			
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	\$ 3,288,000	\$ 3,258,000	\$ 3,027,768	3.85%	Note 7	\$ -	Operating capital	\$ -		\$ -	\$ 4,992,807	\$ 8,321,345	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Other receivables	Yes	2,192,000	2,172,000	1,629,000	3.85%	Note 7	-	Operating capital	-	None	-	4,992,807	8,321,345	Note 9
1	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	Other receivables	Yes	569,920	564,720	403,992	4.85%	Note 7	-	Operating capital	-	None	-	4,992,807	8,321,345	Note 9
2	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	Other receivables	Yes	876,800	868,800	868,800	3.25%	Note 7	-	Operating capital	-	None	-	5,061,023	10,122,046	Note 9
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	Other receivables	Yes	2,192,000	2,172,000	790,608	3.85%	Note 7	-	Operating capital	-	None	-	7,589,656	12,649,426	Note 9
4	CHENG SHIN LOGISTIC (XIAMEN) IND., LTD.	CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD	Other receivables	Yes	8,768	8,688	8,688	3.85%	Note 7	-	Operating capital	-	None	-	26,597	106,389	Note 9

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD., CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 60% of above Companies' net assets.

Note 3: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. to a single party is 20% of above Companies' net assets.

Note 4: Limit on loans granted by CHEN SHIN LOGISTIC (XIAMEN) CO., LTD to a single party is 10% of above Companies' net assets.

Note 5: Limit on loans granted by CHENG SHIN RUBBER (XIAMEN) IND., LTD. , CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD. and XIAMEN CHENG SHIN ENTERPRISE CO., LTD. to a single party is 100% of above Companies' net assets.

Note 6: Limit on loans granted by CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD. and CHEN SHIN LOGISTIC (XIAMEN) CO., LTD to others is 40% of above Companies' net assets.

Note 7: Fill in purpose of loan when nature of loan is for short-term financing. The transaction was completed through the trust loans signed with financial institutions in Mainland China.

Note 8: The amount of ending balance was equal to the limit on loans as approved by the Board of Directors.

Note 9: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Provision of endorsements and guarantees to others

Three-month period ended March 31, 2021

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of March 31, 2021	Outstanding endorsement/ guarantee amount at March 31, 2021	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (%)	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/ guarantor											
0	Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub- subsidiary	\$ 40,848,500	\$ 1,903,600	\$ 914,900	\$ 261,661	\$ -	1.12	\$ 57,187,899	Y	N	N	Note 2 , Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	Subsidiary	40,848,500	7,623,093	7,623,093	6,070,812	-	9.33	57,187,899	Y	N	N	Note 2 , Note 5
0	Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Subsidiary	40,848,500	10,652,116	10,652,116	8,423,532	-	13.04	57,187,899	Y	N	N	Note 2 , Note 5

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Ceiling on the Company's total endorsements/guarantees to others is 70% of the Company's current net assets.

\$ 57,187,899

Limit on the Company's endorsements/guarantees to a single party is 20% of the Company's net assets.

\$ 16,339,400

Limit on the Company's endorsements/guarantees to a foreign single affiliate company is 50% of the Company's net assets.

\$ 40,848,500

Note 3: Relationship between the endorser/guarantor and the Company is classified into the following two categories:

(1) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.

Note 4: Limit on the Company's endorsements/guarantees provided to others is 100% of the Company's net assets.

Limit on total endorsements provided to a single party is 80% of the Company's net assets.

Note 5: Outstanding endorsement/guarantee amount and draw down amount are translated at the spot exchange rates prevailing at March 31, 2021.

CHENG SHIN RUBBER IND. CO., LTD.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

March 31, 2021

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of March 31, 2021				
Securities held by	Marketable securities (Note 1)	Relationship with the securities		Number of shares/ units	Ownership			Footnote
		issuer	General ledger account		Book value	(%)	Fair value	
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Current financial assets at fair value through other comprehensive income	-	\$ 27,707	-	\$ 27,707	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	Other ordinary shares	-	Non-current financial assets at fair value through other comprehensive income	-	58,187	-	58,187	Note 2

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9, 'Financial instruments'.

Note 2: Other marketable securities do not exceed 5% of the account.

CHENG SHIN RUBBER IND. CO., LTD.

Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more

Three-month period ended March 31, 2021

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

							Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
		Relationship with the counterparty	Transaction		Percentage of total purchases (sales) (%)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable) (%)	Footnote (Note 2)
Purchaser/seller	Counterparty		Purchases (sales)	Amount							
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary	(sales)	(\$ 1,314,089) (24.54)	Collect within 90 days after shipment of goods	Same	Same	\$ 1,322,893	37.74	Note 4	
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary	(sales)	(186,082) (3.47)	Collect within 90 days after shipment of goods	Same	Same	194,046	5.54	Note 4	
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary	(sales)	(996,229) (18.60)	Collect within 30 days	Same	Same	415,208	11.85	Note 4	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(238,293) (5.00)	Collect within 60~90 days after shipment of goods	Same	Same	270,922	12.12	Note 4	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(562,350) (48.80)	Collect within 60~90 days after shipment of goods	Same	Same	413,143	28.49	Note 4	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	Same ultimate parent	(sales)	(105,290) (9.00)	Collect within 60~90 days after shipment of goods	Same	Same	82,826	5.71	Note 4	
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent	(sales)	(395,762) (13.48)	Collect within 60~90 days after shipment of goods	Same	Same	318,369	63.04	Note 4	
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent	(sales)	(349,463) (23.96)	Collect within 60~90 days after shipment of goods	Same	Same	235,534	33.71	Note 4	
MAXXIS International (Thailand) Co., Ltd.	Cheng Shin Rubber Ind. Co., Ltd.	Same ultimate parent	(sales)	(148,886) (4.68)	Collect within 60 days after shipment of goods	Same	Same	11,271	0.62	Note 4	
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent	(sales)	(149,886) (4.71)	Collect within 60~90 days after shipment of goods	Same	Same	150,571	8.30	Note 4	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company.

Note 4: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

March 31, 2021

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at March 31, 2021	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts
					Amount	Action taken		
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Subsidiary (Note 5)	\$ 1,323,737	Note 4	\$ -	-	416,393	\$ -
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Subsidiary (Note 5)	194,235	Note 4	-	-	53,905	-
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Sub-subsidiary (Note 5)	134,355	Note 3	-	-	5,773	-
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Subsidiary (Note 5)	416,571	Note 4	-	-	415,224	-
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia.	Subsidiary (Note 5)	121,416	Note 3	-	-	76,172	-
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 5)	270,922	0.89	-	-	113,615	-
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	414,787	Note 4	-	-	158,002	-
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	Same ultimate parent (Note 5)	235,534	1.38	-	-	154,094	-
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	Same ultimate parent (Note 5)	318,369	1.26	-	-	90,325	-
MAXXIS International (Thailand) Co., Ltd.	CHENG SHIN RUBBER USA, INC.	Same ultimate parent (Note 5)	150,517	0.86	-	-	39,747	-

Note 1: Subsequent collection is the amount collected as of May 5, 2021.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company.

Note 3: The amount comprises accounts receivable, commission receivable, endorsements/guarantees receivable, patent royalties receivable, royalties receivable for trademark and other receivables and thus, the turnover rate is not calculated.

Note 4: The amount comprises accounts receivable and other receivables and thus, the turnover rate is not calculated.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Sales	\$ 1,314,089	Collect within 90 days after shipment of goods	4.77%
0	Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	1	Accounts receivable	1,322,893	Collect within 90 days after shipment of goods	0.89%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Sales	996,229	The term is 30 days after monthly billing	3.61%
0	Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	1	Accounts receivable	415,208	The term is 30 days after monthly billing	0.28%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	238,293	Collect within 60~90 days after shipment of goods	0.86%
1	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	270,922	Collect within 60~90 days after shipment of goods	0.18%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	562,350	Collect within 60~90 days after shipment of goods	2.04%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	413,143	Collect within 60~90 days after shipment of goods	0.28%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Notes receivable	605,585	Pay depends on maturity date	0.41%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	3,027,768	Pay interest quarterly	2.05%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Other receivables	1,629,000	Pay interest quarterly	1.10%
2	XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD	3	Other receivables	403,992	Pay interest quarterly	0.27%
3	CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	3	Other receivables	790,608	Pay interest quarterly	0.53%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Sales	395,762	Collect within 60~90 days after shipment of goods	1.44%
4	CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	CHENG SHIN RUBBER (XIAMEN) IND., LTD.	3	Accounts receivable	318,369	Collect within 60~90 days after shipment of goods	0.22%
5	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	3	Other receivable	868,800	Pay interest quarterly	0.59%

CHENG SHIN RUBBER IND. CO., LTD.
Significant inter-company transactions during the reporting periods
Three-month period ended March 31, 2021

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount (Note 4)	Transaction terms	
6	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Sales	\$ 349,463	Collect within 60~90 days after shipment of goods	1.27%
6	CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	3	Accounts receivable	235,534	Collect within 60~90 days after shipment of goods	0.16%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the year to consolidated total operating revenues for income statement accounts.

Note 4: Transaction amounts account for at least NT\$200 million.

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2021 (Note 1)	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS International Co., Ltd.	Cayman Islands	Holding company	\$ 912,218	\$ 912,218	35,050,000	100.00	\$ 42,751,246	\$ 715,000	\$ 711,190	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CST Trading Ltd.	British Virgin Islands	Holding company	2,103,073	2,103,073	72,900,000	100.00	27,476,416	879,368	858,400	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Trading Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	9,500,994	568,700	564,971	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER USA, INC.	U.S.A	Import and export of tires	551,820	551,820	1,800,000	100.00	2,566,527	(26,576)	(26,552)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	CHENG SHIN RUBBER CANADA, INC.	Canada	Import and export of tires	32,950	32,950	1,000,000	100.00	682,636	(23,294)	(23,294)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	NEW PACIFIC INDUSTRY COMPANY LIMITED	Taiwan	Processing and sales of various anti-vibration rubber and hardware	50,001	50,001	5,000,000	50.00	178,421	10,880	5,440	Note 2
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS Tech Center Europe B.V.	Netherlands	Technical centre	41,260	41,260	1,000,000	100.00	60,762	(14,706)	(14,706)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS International Indonesia	Indonesia	Production and sales of various types of tires	4,233,389	4,233,389	139,994,750	100.00	319,536	(353,548)	(354,037)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Rubber India Private Limited	India	Production and sales of various types of tires	4,027,544	4,027,544	874,992,906	100.00	-	(360,069)	(359,654)	Subsidiary Note 3, Note 5
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis (Taiwan) Trading Co., LTD.	Taiwan	Wholesale and retail of tires	100,000	100,000	10,000,000	100.00	496,235	75,131	75,131	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	PT MAXXIS TRADING INDONESIA	Indonesia	Large-amount trading of vehicles parts and accessories	30,235	30,235	9,990	100.00	36,237	4,751	4,751	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	Maxxis Europe B.V.	Netherlands	Import and export of tires	17,700	17,700	500,000	100.00	3,944	210	210	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS RUBBER JAPAN CO., LTD.	Japan	Import and export of tires	13,820	13,820	5,000	100.00	10,680	(1,173)	(1,173)	Subsidiary Note 3
Cheng Shin Rubber Ind. Co., Ltd.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	593	593	-	20.00	709	1,556	311	Note 3, Note 4

CHENG SHIN RUBBER IND. CO., LTD.

Information on investees

Three-month period ended March 31, 2021

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at March 31, 2021			Net profit (loss) of the investee for the three-month period ended March 31, 2021	Investment income(loss) recognised by the Company for the three-month period ended March 31, 2021 (Note 1)	Footnote
				Balance as at March 31, 2021	Balance as at December 31, 2020	Number of shares	Ownership (%)	Book value			
MAXXIS International Co., Ltd	MAXXIS International (HK) Ltd.	Hong Kong	Holding company	\$ -	\$ -	\$ 226,801,983	100.00	\$ 34,481,551	\$ 730,060	\$ 730,060	Sub-subsidiary Note 3
CST Trading Ltd.	Cheng Shin International (HK) Ltd.	Hong Kong	Holding company	-	-	246,767,840	100.00	27,318,160	879,146	879,146	Sub-subsidiary Note 3
MAXXIS Trading Ltd.	MAXXIS Holdings (BVI) Co., Ltd.	British Virgin Islands	Holding company	7,669,780	7,669,780	237,811,720	100.00	9,862,473	568,736	568,736	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	MAXXIS International (Thailand) Co., Ltd.	Thailand	Production and sales of truck and automobile tires	5,724,372	5,724,372	65,000,000	100.00	7,308,985	274,436	272,952	Sub-subsidiary Note 3
MAXXIS Holdings (BVI) Co., Ltd.	Cheng Shin Rubber (Vietnam) IND Co., Ltd.	Vietnam	Production and sales of various types of tires	1,945,408	1,945,408	62,000,000	100.00	2,550,656	294,308	292,064	Sub-subsidiary Note 3
CHENG SHIN RUBBER USA, INC.	MAXXIS INTERNATIONAL MEXICO S. de R.L. de C.V.	Mexico	Import and export of tires	2,283	2,278	-	80.00	2,836	1,556	1,245	Note 3, Note 4

Note 1: Including investment income (loss) used to offset against sidestream and upstream transactions.
Note 2: Joint ventures are accounted for under the equity method.
Note 3: The transactions were eliminated when preparing the consolidated financial statements.
Note 4: The Company comprehensive holds 100% of share ownership in the investee, of which 20% is directly held and 80% is indirectly held through CHENG SHIN RUBBER USA, INC.
Note 5: The Company continusly provides financial support the investee accounted for using the equity method, and transferred the credit balance fo long-term investments to 'other non-current liabilities.'
The transaction was eliminated when preparing the consolidated statements.

CHENG SHIN RUBBER IND. CO., LTD.
Information on investments in Mainland China
Three-month period ended March 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three- month period ended March 31,		Accumulated amount of remittance from Taiwan to	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended	Book value of investments in Mainland China	Accumulated amount of investment income remitted back to	Footnote
				as of January 1, 2021	Remitted to Mainland China	Remitted back to Taiwan	Mainland China as of March 31, 2021			March 31, 2021, (Note 2)	as of March 31, 2021	Taiwan as of March 31, 2021	
CHENG SHIN RUBBER (XIAMEN) IND., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	\$ 4,993,625	2	\$ 910,834	\$ -	\$ -	\$ 910,834	\$ 481,322	100.00	\$ 483,166	\$ 24,320,104	\$ 18,878,845	(Note 2、3、 5、6、7)
CHENG SHIN TIRE & RUBBER (CHINA) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	6,420,375	2	2,385,506	-	-	2,385,506	798,861	100.00	793,867	25,305,115	22,289,125	(Note 2、4、 6、7)
CHENG SHIN TOYO (KUNSHAN) MACHINERY CO., LTD.	Plastic machinery, molds and its accessory products	242,548	2	68,602	-	-	68,602	3,874	50.00	1,937	297,534	478,714	(Note 6、7)
CHENG SHIN TIRE & RUBBER (CHONGQING) CO., LTD.	A. Cover and tubes of tires and cover and tubes of bicycle tires B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	2,853,500	2	-	-	-	-	251,290	100.00	238,243	5,795,969	1,422,083	(Note 2、4、 6、7)
KUNSHAN MAXXIS TIRE CO., LTD	Retail of accessories for rubber tires	21,720	2	-	-	-	-	1,139	100.00	1,139	43,646	-	(Note 6、7)
TIANJIN TAFENG RUBBER IND CO., LTD.	Warehouse logistics and after- sales service centre	513,630	2	-	-	-	-	(6,867)	100.00	(6,867)	704,107	757,407	(Note 6、7)
CHENG SHIN PETREL TIRE (XIAMEN) CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	3,709,550	2	-	-	-	-	(13,869)	100.00	(13,869)	12,661,021	4,185,883	(Note 3、6、 7)

CHENG SHIN RUBBER IND. CO., LTD.

Information on investments in Mainland China

Three-month period ended March 31, 2021

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the three- month period ended March 31, 2021		Accumulated amount of remittance from Taiwan to Mainland China as	Net income of investee as of March 31, 2021	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three-month period ended	Book value of investments in Mainland China as of	Accumulated amount of investment income remitted back to Taiwan as of	Footnote
				as of January 1, 2021	Remitted to Mainland China	Remitted back to Taiwan	of March 31, 2021			March 31, 2021, (Note 2)	March 31, 2021	March 31, 2021	
XIAMEN CHENG SHIN ENTERPRISE CO., LTD.	A. Radial tire and other various tire products B. Reclaimed rubber and other rubber products C. Plastic machinery, molds and its accessory products	\$ 1,284,075	2	\$ -	\$ -	\$ -	\$ -	\$ 180,659	100.00	\$ 174,994	\$ 8,321,345	\$ 5,668,834	(Note 2、6、 7)
CHENG SHIN (XIAMEN) INTL AUTOMOBILE CULTURE CENTER CO., LTD.	A. Research, development and testing of tires and automobiles accessory products and display of related products B. Management of racing tracks	570,700	2	-	-	-	-	(24,512)	100.00	(24,512)	35,708	-	(Note 6)
CHIN CHOU CHENG SHIN ENTERPRISE CO., LTD.	Distribution of rubber and components of tires	152,040	2	-	-	-	-	(1,507)	95.00	(1,432)	97,434	-	(Note 6、7)
CHENG SHIN LOGISTIC (XIAMEN) CO., LTD.	International container transportation business	62,605	2	-	-	-	-	8,879	49.00	4,351	130,327	-	(Note 6、7)
CHENG SHIN RUBBER (ZHANGZHOU) IND CO., LTD.	A. Tires and tubes B. Reclaimed rubber, adhesive, tape and other rubber products C. Plastic machinery, molds and its accessory products	4,126,800	2	-	-	-	-	370,359	100.00	370,371	7,215,919	678,578	(Note 2、5、 6、7)
XIAMEN ESATE CO., LTD.	Construction and trading of employees' housing	1,650,720	2	-	-	-	-	13,437	100.00	13,437	2,012,462	-	(Note 6、7)

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Including investment income (loss) used to offset against sidestream and upstream transactions.

Note 3: The Company and Cheng Shin Rubber (Xiamen) Ind., Ltd. directly and indirectly holds 60% and 40% of the share ownership in Cheng Shin Petrel Tire (Xiamen) Co., Ltd., respectively.

Note 4: The Company and Cheng Shin Tire & Rubber (China) Co., Ltd. directly and indirectly holds 30% and 70% of share ownership in Cheng Shin Tire & Rubber (Chongqing) Co., Ltd., respectively.

Note 5: Cheng Shin Rubber (Xiamen) Ind., Ltd. and MAXXIS International (HK) Ltd. directly and indirectly holds 75% and 25% of share ownership in Cheng Shin Rubber (Zhangzhou) Ind Co., Ltd, respectively.

Note 6: Paid-in capital was converted at the exchange rate of NTD 28.535: USD 1 and NTD 4.344: RMB 1 prevailing on March 31, 2021.

Note 7: Investment income (loss) was recognised based on the financial statements that are reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

CHENG SHIN RUBBER IND. CO., LTD.
Ceiling on investments in Mainland China
Three-month period ended March 31, 2021

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021 (Note 1)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 1)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 2)
Cheng Shin Rubber Ind. Co., Ltd.	\$ 3,506,952	\$ 19,201,202	\$ -

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2021 was USD\$122,900 thousand and the total investment amount approved by the Investment Commission, MOEA, was USD\$672,900 thousand.

Note 2: According to 'Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area', the Company acquired the operations headquarters certification issued by the Industrial Development Bureau, Ministry of Economic Affairs, R.O.C. and thus, the investments amount in Mainland China is unlimited.

CHENG SHIN RUBBER IND. CO., LTD.

Major shareholders information

March 31, 2021

Table 9

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Luo, Ming-Han	370,176,378	11.42
Luo Jye Memory Co Ltd.	324,430,630	10.00
Luo, Jye	224,163,978	6.91

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were held by registered and the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.